

AMENDED IN ASSEMBLY JUNE 18, 2015

AMENDED IN SENATE APRIL 8, 2015

AMENDED IN SENATE APRIL 6, 2015

SENATE BILL

No. 481

Introduced by Senator Hueso

February 26, 2015

An act to amend Section 1236 of the Government Code, relating to local government.

LEGISLATIVE COUNSEL'S DIGEST

SB 481, as amended, Hueso. Local government: auditors: independence.

Existing law requires, with certain exceptions, that all city, county, city and county, and district employees who conduct audits or that conduct audit activities of those respective agencies, conduct their work under the general and specified standards prescribed by the Institute of Internal Auditors or the Government Auditing Standards issued by the Comptroller General of the United States, as appropriate. Those standards generally provide, among other things, that auditors should be independent of the activities they audit. Existing law makes every willful omission to perform any duty enjoined by law upon any public officer, or person holding any public trust or employment, where no special provision is made for the punishment of that delinquency, a crime.

This bill would prohibit the general counsel of the city, county, city and county, or district, or the employees of the general counsel from having direct oversight over the city, county, city and county, and district employees that conduct audits or that conduct audit activities of those

respective agencies. ~~This bill would also prohibit all city, county, city and county, and district employees that conduct audits or that conduct audit activities of those respective agencies from being required to report to the general counsel or any employees of the general counsel.~~

By expanding the definition of an existing crime, this bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes.

State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. Section 1236 of the Government Code is amended
2 to read:

3 1236. (a) All city, county, city and county, and district
4 employees that conduct audits or that conduct audit activities of
5 those respective agencies shall conduct their work under the general
6 and specified standards prescribed by the Institute of Internal
7 Auditors or the Government Auditing Standards issued by the
8 Comptroller General of the United States, as appropriate. The
9 standards generally provide as follows:

10 (1) That auditors should be independent of the activities they
11 audit.

12 (2) That audits should be performed with proficiency and due
13 professional care.

14 (3) That the scope of the audit should encompass the
15 examination and evaluation of the adequacy and effectiveness of
16 the organization's system of internal control and the quality of
17 performance in carrying out assigned responsibilities.

18 (4) That audit work should include planning the audit, examining
19 and evaluating information, communicating results, and following
20 up.

21 (5) That the chief auditor should properly manage the auditing
22 department.

23 (b) Nothing in this section is intended to limit the rights or
24 obligations of auditors to conduct audits and audit activities in

1 accordance with other laws and regulations that may apply to a
2 particular entity, as appropriate.

3 (c) The general counsel of the city, county, city and county, or
4 district, or the employees of the general counsel shall not have
5 direct oversight over the city, county, city and county, or district
6 employees that conduct audits or that conduct audit activities of
7 the respective agency. ~~All city, county, city and county, and district~~
8 ~~employees that conduct audits or that conduct audit activities of~~
9 ~~those respective agencies shall not be required to report to the~~
10 ~~general counsel or any employees of the general counsel.~~

11 SEC. 2. No reimbursement is required by this act pursuant to
12 Section 6 of Article XIII B of the California Constitution because
13 the only costs that may be incurred by a local agency or school
14 district will be incurred because this act creates a new crime or
15 infraction, eliminates a crime or infraction, or changes the penalty
16 for a crime or infraction, within the meaning of Section 17556 of
17 the Government Code, or changes the definition of a crime within
18 the meaning of Section 6 of Article XIII B of the California
19 Constitution.